

ALCATEL

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 30, 1998

Mrs. Magalie Roman-Salas
Office of Secretary
Federal Communications Commission
TW-A325
445 12 Street SW
Washington, DC 20554

Re: NOTICE OF EX PARTE PRESENTATION IN MATTER OF CCB 98-146 (NOI)

Dear Mrs. Roman-Salas:

Additional reference is made to Federal Communications Commission ("FCC") Docket Number 98-187 as it relates to Advanced Telecommunications Services.

In response to a verbal request from the FCC, and with the advance approval of the FCC, the following employees of Alcatel USA, Inc. met with members of the FCC staff on October 29, 1998, at FCC office facilities located at 1919 M Street, NW, Washington, DC, and made an ex parte presentation:

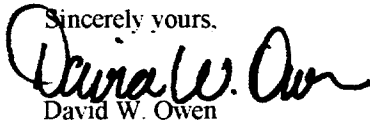
Mr. David W. Owen, VP Government Relations
Dr. Niel Ransom, VP, Strategic Planning

The FCC Staff members who participated in the meeting and who each will receive copies of this notice and disclosure are:

Mr. Johnson Garrett, OPP
Mr. Kent Nilsson, CCB
Ms. Jennifer Fabian, CCB
Mr. Daniel Shiman, CCB
Mr. Jonathan Askin, CCB

The purpose of the meeting is addressed in the attached disclosure. If you have any questions about the meeting or the disclosure, please do not hesitate to contact me at (703) 724-2930.

Sincerely yours,



David W. Owen
Vice President - Government Relations

Attachments: Disclosure with Exhibits 1-4

Cc: Mr. Johnson Garrett, OPP
Mr. Kent Nilsson, CCB
Ms. Jennifer Fabian, CCB
Mr. Daniel Shiman, CCB
Mr. Jonathan Askin, CCB

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Inquiry Concerning the Deployment)	
of Advanced Telecommunications)	
Capability to All Americans in a)	
Reasonable and Timely Fashion,)	CC Docket 98-146
and Possible Steps to Accelerate)	
Such Deployment Pursuant to)	
Section 706 of the)	
Telecommunications Act of 1996)	

DISCLOSURE OF EX-PARTE PRESENTATION

In response to a verbal request from the FCC and with the advance approval of the FCC, the following employees of Alcatel USA, Inc., met with members of the FCC staff on October 29, 1998, at the FCC office facilities located at 1919 M Street NW, Washington, DC, and made an ex-parte presentation:

Mr. David W. Owen, VP, Government Relations
Dr. Niel Ransom, VP, Strategic Planning.

The following FCC staff participated in the meeting and will each receive copies of this notice:

Mr. Johnson Garrett, OPP
Mr. Kent Nilsson, CCB
Ms. Jennifer Fabian, CCB
Mr. Daniel Shiman, CCB
Mr. Johathan Askin, CCB

The purpose of the presentation was to discuss the business aspects of the deployment of advanced telecommunications services using ADSL as the implementing technology. The discussion included some technology issues to the extent that they related to the economics of a service provider deploying ADSL versus a competing technology. Particular attention was paid to a nominal breakdown of the cost elements associated with providing a hypothetical subscriber with ADSL-based high-speed access. One conclusion was that installation costs, including line testing, are a major part of the overall cost of providing this particular type of high-speed access.

To help illuminate the issues discussed, Dr. Ransom used the attached charts (1-4) during his informal presentation on the business case for ADSL.

ALCATEL USA
44983 Knoll Square
Ashburn, Virginia 20147
(703) 724-2930

By: 

David W. Owen
Vice President Government Relations

Certificate of Service

This is to certify that a true and accurate copy of the foregoing was hand delivered this 5th day of November, 1998 to the Office of the Secretary, Federal Communications Commission, Room 222, 1919 M Street, NW, Washington, DC 20554 and to the following FCC staff members at the same address:

Mr. Johnson Garrett, OPP
Mr. Kent Nilsson, CCB
Ms. Jennifer Fabian, CCB
Mr. Daniel Shiman, CCB
Mr. Johathan Askin, CCB

By: 

David W. Owen
Vice President Government Relations



Customer Economics

Service Provider	Hardware cost	Connection Fee	Installation	Total
@Home	Inc in monthly fee		\$99 - \$175	\$99 - \$175
Bell Atlantic (Initial Promotional Pricing)	\$99 (\$49 w/\$50 off coupon to 1 st 2000), free Ethernet NIC	\$99	Waived during promo	\$148-\$198
Bell Atlantic	\$325 + \$50 Ethernet NIC	\$99	\$99 (inc splitter?)	\$573
Pacific Bell (w/1 year contract)	Included	Included	Included	\$299 "Home Pack – 1 user", \$499 "Internet Access Pack – multi-user"
BellSouth	\$199.95 (modem, NIC and splitter)	Included	\$99.95	\$299.90
US West (w/1 year contract)	\$199 (NIC) or \$299 (External)	Included	\$110	\$309 - \$409

Monthly Charges

Service Provider						
@home	Best effort \$29.95 - \$49.95					
Bell Atlantic	640k/90k \$59.95	1.6M/90k \$109.95	7.1M/680k \$189.95			
Pacific Bell	384k/128k \$59 ADSL \$80 ISP	384k/384k \$99 ADSL \$100 ISP	1.5M/384k \$189 ADSL \$150 ISP			
BellSouth inc bellsouth.net	Un- specified rate \$59.95					
US West ISP - USWest.net	256 kbps \$40.00 xDSL \$19.95 ISP	512 kbps \$62.40 xDSL \$39.95 ISP	768 kbps \$76.80 xDSL \$49.95 ISP	1M/1M \$120	4M/1M \$480	7M/1M \$840

Service Provider Economics

▼ ILEC Considerations

- ▼ Equipment cost (both access and backbone)
- ▼ Installation and Engineering (at CO)
- ▼ Spares and Training
- ▼ Provisioning and Network Management
- ▼ Backbone cost
- ▼ Sales and Marketing
- ▼ G & A (Billing, etc.)
- ▼ Maintenance
- ▼ Environmental allocation

UU Net Pricing

▼ T1

- ▼ \$5000 Internet start up, \$3000/mo Internet
- ▼ add telco cost

▼ Tiered T-3

- ▼ Cost: Startup charge for all T3 services is \$6,000. Monthly prices are as follows:

▼ <u>Port Speed</u>	<u>Monthly Price</u>
▼ 3 Mbps	\$ 6,000
▼ 9 Mbps	\$10,000
▼ 24 Mbps	\$22,000
▼ 45 Mbps	\$54,000

▼ OC Direct

▼ Start-up: \$6,000	
▼ <u>Port Speed</u>	<u>Monthly Price</u>
▼ 60 Mbps	\$ 78,000
▼ 100 Mbps	\$125,000
▼ 155 Mbps	\$179,000